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THE WHITE HOUSE

WASHINGTON

SEP 1985

ECONOMIC POLICY COUNCIL

September 9, 1985

Cabinet Room

AGENDA

1. Trade Policy Strategy -- James A. Baker III

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ECONOMIC POLICY COUNCIL MEETING

September 9, 1985

PARTICIPANTS

The President

Secretary Baker
Secretary Weinberger
Attorney General Meese
Secretary Block
Secretary Baldrige
Secretary Dole
Secretary Herrington
Donald T. Regan
Director Casey
Ambassador Walters
Ambassador Yeutter
Beryl Sprinkel
Acting Director Wright
Deputy Secretary Whitehead
(Representing Secretary Shultz)
Under Secretary Ford
(Representing Secretary Brock)
Deputy Secretary Darman

Alfred H. Kingon, Cabinet Secretary
Gene McAllister, Executive Secretary, Economic Policy Council

Patrick Buchanan, Assistant to the President and Director of Communications
Robert McFarlane, Assistant to the President for National Security Affairs
M.B. Oglesby, Assistant to the President for Legislative Affairs
Larry Speakes, Assistant to the President and Principal Deputy Press Secretary
John Svahn, Assistant to the President for Policy Development
Dennis Thomas, Assistant to the President
David Chew, Staff Secretary and Deputy Assistant to the President
Thomas Dawson, Executive Assistant to the Chief of Staff and Deputy Assistant to the President

Additional Attendees:

Fred Khedouri, Deputy Chief of Staff to the Vice President
Roger Robinson, Senior Director, International Economic Affairs, NSC

Allen Wallis, Under Secretary of State for Economic Affairs
David Mulford, Assistant Secretary of the Treasury for International Affairs
Bruce Smart, Under Secretary of Commerce for International Trade

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POSSIBLE ADMINISTRATION LEGISLATIVE PROPOSALS

The Administration trade package could include a legislative initiative encompassing the following elements:

1. Trade Negotiating Authority

An Administration bill would provide comprehensive legislative authority to support its trade negotiating initiatives, including:

-- authority for a new round of negotiations, already endorsed by the President in his State of the Union message and actively pursued within the GATT;

-- extension of our non-tariff barrier authority, which otherwise expires January 3, 1988;

-- authority to reduce tariffs; and

-- authority to offer compensation to other countries when the U.S. increases tariffs (through Congressional action or Customs reclassification), to avoid unilateral foreign retaliation against U.S. exports.

2. Intellectual Property Rights.

We should also provide further protection to intellectual property rights (patents, copyrights or trademarks), including:

-- protection against trade in articles that infringe U.S. process patents;

-- extension of the patent term for agricultural chemicals to match that for pharmaceutical inventions; and

-- termination of Freedom of Information Act abuse by giving affected companies notice and an opportunity to oppose release of their business confidential information.

3. Improving the Antidumping and Countervailing Duty Laws.

Because the antidumping law does not work for non-market economy (NME) countries and the countervailing duty law currently is not applied to them, we need to substitute a predictable pricing test (along the lines of one proposed by Senator Heinz). We should also effect less significant revisions to those laws, including:

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-- clarification of standing requirements to file a petition;

-- elimination of two-tiered judicial review, and limitation to one appeal of agency decisions to the Court of Appeals for the Federal Circuit;

-- revision of the "critical circumstances" standards so that more timely relief can be provided more often;

-- limited application of the injury test for countries not party to the Subsidies Code (or equivalent agreements);

-- codification of existing Administration practice regarding provision of the injury test in countervailing duty cases to less developed countries; and

-- other technical amendments proposed by the Administration last year but not enacted at that time.

4. Section 301.

Two amendments to section 301 would include:

-- enactment of a 24-month deadline on dispute settlement; and

-- provision of extensions at petitioner's request.

5. Section 201.*/

We could usefully amend section 201 in two ways:

-- provision of some type of "fast track" procedure for perishable agricultural items; and

-- promotion of structural adjustment, by requiring the International Trade Commission to assess the petitioning industry's prospects for adjustment to changing conditions of competition.

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*/ Some in the TPRG noted that proposing amendments to section 201 in particular may aggravate the risk (already inherent in any Administration trade package) of inviting protectionist riders.

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6. Export Promotion Activities.

An Administration bill would promote U.S. exports through, for example:

-- authorization and appropriation of funds to enable the Administration to offer $1 billion in mixed credit loans, to enable U.S. exports to compete in third country markets until we can eliminate predatory mixed credit competition through negotiations; and

-- creation of a semiprivate, non-profit U.S. export promotion organization funded by private contributions and user fees, and managed by business representatives with the support of state and local government trade development groups.

We could also include in an Administration bill two proposals of the House Republican leadership that we support, although the goals are already being achieved and do not require legislation:

-- review of Foreign Commercial Service personnel to ensure their maximum effectiveness; and

-- a requirement for U.S. ambassadors to provide annual reports on their embassies' export expansion strategy and accomplishments.

7. Reduction of Export Disincentives.

An Administration bill would include a longstanding proposal also supported by House Republican leadership, as well as a House proposal whose implementation does not require legislation, but which we could support. They are, respectively:

-- clarification of the accounting provisions and of the liabilities of foreign agents under the Foreign Corrupt Practices Act of 1977; and

-- improvement of the export licensing process for small business.

8. Statement of National Trade Policy Objectives.

The preface to any Administration trade bill would be a clear, forceful statement of the Administration's trade policy objectives.

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